

**MINUTES OF THE  
JOINT PUBLIC EDUCATION APPROPRIATIONS SUBCOMMITTEE MEETING  
MONDAY, FEBRUARY 1, 2010, 2:00 P.M.  
Room 445, State Capitol**

Members Present:        Sen. Howard A. Stephenson, Co-Chair  
                              Rep. Merlynn T. Newbold, Co-Chair  
                              Sen. D. Chris Buttars  
                              Sen. Karen W. Morgan  
                              Rep. Tim M. Cosgrove  
                              Rep. Lorie D. Fowlke  
                              Rep. Kevin S. Garn  
                              Rep. Francis D. Gibson  
                              Rep. Bradley G. Last  
                              Rep. Marie H. Poulson  
                              Rep. Phil Riesen

Members Absent:        Sen. Lyle W. Hillyard  
                              Rep. Gregory H. Hughes  
                              Rep. Rebecca D. Lockhart

Staff Present:            Ben Leishman, Legislative Fiscal Analyst  
                              Patrick Lee, Legislative Fiscal Analyst  
                              Karen C. Allred, Secretary

Public Speakers Present: Cheryl Richardson, parent  
                              Linda Simmons  
                              Susan Kuziak, Utah Education Association

A list of visitors and a copy of handouts are filed with the Subcommittee minutes.

Co-Chair Stephenson called the meeting to order at 2:32 P.M.

**1. Approval of Minutes**

There were no minutes to approve.

**2. Education Reform Options**

Senator Chris Buttars presented to the subcommittee an option of accelerating graduation and cutting the 12th grade. If this option were considered, there would be no need for additional cuts in Public Education. He stated, the rest of the industrialized world do not have 12th grade. There are challenges in going to an accelerated graduation, but there are solutions for most of these challenge, the biggest challenge seems to be fear of change.

Eliminating high school busing in non-rural areas is another proposal that Sen. Buttars presented, which could save \$15 million.

Rep. Poulson commented that she has strong feelings about this proposal after teaching the 12th grade for many years. Students seem to get their maturity this last year of public school. Because of budget concerns, should we lower our expectations and are there any other states that do this? She expressed concern about how will this affect college entrance and opportunities to go to prestigious universities.

Rep. Gibson responded that whether someone supports eliminating the 12th grade as an option or not, the issue is that we do things because of what we are accustomed to doing, but drastic times call for drastic measures. People need to think about what can be done differently.

Cheryl Richardson, parent in the audience, finds it disturbing that the first way to save money is to cut programs. She quoted statistics about the administrator to student ratio, and that administrators get double pay over teachers. She feels the first place to cut is with the Bureaucracy.

Sen. Buttars responded that we are the only nation in the industrialized world that use 12 grades, the rest use eleven. He commented that in the newspaper that day, there were statistics on busing. He feels that benefits to educators can't continue to be cut and would like the subcommittee to think about his proposal and consider it again when building the budget.

Co-Chair Stephenson commented that there may be a better chance of eliminating urban busing for high school students than eliminating the 12th grade, but we can wait and see what kind of support there is on his proposals.

### 3. **FY 2011 Budget Review**

**Minimum School Program --** Analyst Ben Leishman reported on budget briefs included in the subcommittee's binder. The Minimum School Program is the largest budget that Public Education appropriates through the state. There are three parts to the Minimum School Program-the Basic School Program, the Related to Basic School Programs and the Voted & Board Leeway Programs. In the FY 2011 base budget, 77.5% of the revenues come from the State Uniform School Fund with the remaining 22.5% coming from the Local Property Taxes. The vast majority of the budget are un-restricted expenditures and the way funds are spent is up to the local school boards. There are some WPU changes that occurred for this year. The WPUs supporting the Career & Technology Education District Set-Aside program

were eliminated for FY 2011, and allocation of WPU's for foreign exchange students enrolled need to be reimbursed.

Rep. Gibson asked for clarification on Figure 3 on the 3.5% cut and the 1.9%. Mr. Leishman responded that the 3.5% is the decrease in the value of the WPU to absorb growth for the 98% base budget, and that the 3.5% is a subset of the 1.9% reduction.

Mr. Leishman continued that The Related to Basic School Programs are below the line programs, or the non-WPU driven programs, have born the brunt of the reductions for the last two years. From the original FY 2009 appropriation, a decrease of approximately 46% has been reduced from these programs. The Voted and Board Leeway Program has a deficit because WPUs were over estimated, but it tends to be self adjusting every year. Mr. Leishman explained the analyst recommendation for the Minimum School Program to meet the 5% reductions.

The Chairs requested that staff list the one-time funds in the budget last year, so they can be counted in the appropriation process. The largest was the back-fill money for Social Security and Retirement Program, and the other two are the Critical Language and Dual Immersion, and reimbursement for Teacher Supplies and Materials. None of these continue into the budget in FY 2011, unless the subcommittee opts to do so.

Rep. Cosgrove asked when the WPU value is lowered, are any of the federal funds also reduced resulting in short falls? Mr. Leishman replied that technically in the program, there are no federal funds, however, in the past few years these funds have been used as maintenance of effort for the federal funds, especially for Special Education funds. Rep. Cosgrove asked if that means we have to put more funds in to make up for federal funds. Mr. Leishman responded there is not a one-one match of federal funds, but we may be at risk for not maintaining our effort, depending on how it is defined.

Mr. Leishman explained the budget brief that supplies information on the Basic School Program Variables in the Minimum School Program. Each year the analysts supply the legislature an estimate of what it costs to fund basic enrollment growth. Historically to fund growth, several below the line programs have to be adjusted, and have been outlined on the table in the budget brief. An estimate of increasing or decreasing the WPU by 1% is also provided. This estimate is done prior to H.B.1 and estimates may change, either the number or the value of the WPU.

Sen. Morgan asked why the same programs are not listed on the two tables. Mr. Leishman responded that one table lists the programs that are formula driven and are not increased again. The Educator Salary Adjustments used to be included in the 1% estimate, but was always slightly inaccurate, so last year it was moved to funding on a supplemental basis.

Mr. Leishman continued that local property taxes and equalization process have been discussed previously, and more information is given in the Budget Brief. Recapture is when the local property tax, through the basic rate, is more than they are eligible for under the Basic Program, revenue generated by a district. The extra is deposited in the Uniform School Fund. Generally this does not occur until the end of the year and will become part of the revenue estimates.

Rep. Gibson asked under what section does busing fall. Mr. Leishman replied that it is on the spread sheet in the below the line section of the Basic School Program.

Mr. Leishman prepared an Issue Brief to give the subcommittee background information on pupil transportation which is only available on specific grades. By statute, Pupil Transportation pays for To and From school transportation only. To be eligible to ride the bus you have to live a certain distance from the school. The State is currently funding about 65% of the costs of eligible groups. The transportation for the Utah Schools for the Deaf and the Blind is also included in this brief. Funding is received according to miles traveled and minutes in operation.

Rep. Last referred to the newspaper article on busing, and asked if the bus schedule is adjusted if the students are not riding it? Mr. Leishman replied that since the reimbursement is on the actual operation of the bus, the districts with longer routes would get more reimbursement. Rep. Last asked if the buses were operating at 100% eligibility, but no students were riding would the schools be reimbursed. Mr. Leishman responded that there would be nothing to claim as state reimbursement.

Rep. Cosgrove asked if the State reimbursement was funding eligible students, or eligible students that are actually riding the bus. Mr. Leishman replied that the State is funding eligible students on eligible routes that are actually riding the bus.

**School Building Program** -- Mr. Leishman explained that this is the 2nd pillar of the three, contained in H.B. 1. The School Building Program appropriates two programs, the foundation program and enrollment growth program. The difference in the qualifying criteria for those funds is that if there is a net enrollment increase over the last three years, additional funds are given along with the foundation funds. All of the reductions were taken from the foundation program and not the enrollment growth program, due to the size of the enrollment program being so low, and the analyst recommends doing the same this year.

#### 4. **Public Comment on FY 2011 Budget Review Items**

Linda Simmons, audience member, asked why a brand new charter school is being built in such a tight economy. Mr. Leishman replied that school buildings are funded through local

property tax and will usually bond or have a capital outlay property tax to fund the building. The State provides charter schools a Local Revenue Replacement, a rate applied for each charter school student, which can be used to build schools. Ms. Simmons asked how do they obtain funds before the school is open, are the number of charter schools increasing, and are charter schools taking the same reductions as school districts. Mr. Leishman responded that charter schools are increasing both in number of schools and enrollment in schools and they are treated similarly to school districts, except for the local replacement funds, and are taking similar cuts. Ms. Simmons asked if house bill one is the new equalization bill or if there is a new equalization bill. Mr. Leishman replied that H.B. 1 is the base budget bill for operations. Co-Chair Newbold responded that there are several bills on equalization. She is sponsoring one that freezes the basic levy to restore a property tax component to education funding, there is a bill that deals with the capital portion of the school budget and another bill that allocates some property tax collected to a sales tax. Co-Chair Newbold explained that when you have a charter school approval, it takes about two years from the time it is approved to when the school actually opens. Of the 11,000 new students, 8,000 are going to charter schools. Ms. Simmons asked how do we know the new students will all choose charter schools? Mr. Leishman responded that we know through population estimates based on the annual census done in public schools every fall. There are 11,000 new students in the system, and we don't know where they will go, but do know that there will be growth or transfer of 8,000 into a charter school, based on the projections from the charter school themselves. Co-Chair Stephenson commented charter schools help manage public education growth.

Susan Kuziak, Utah Education Association asked if the basic levy were to be changed sufficiently to fully fund growth, do we know what the tax rate increase might be and the cost to an average household, and if it is possible to get that information. Mr. Leishman replied that he doesn't know, but an additional \$35 million would have to be generated from the rate and may subject the legislature to truth and taxation.

## **5. Other Business**

Co-Chair Stephenson would like the committee to be making their suggestions for budget reductions and mentioned that Superintendent Shumway asked to be excused from this meeting. He is out of town.

Rep. Last asked if there was actually a net increase in the number of teachers in FY2010. Mr. Leishman replied that according to the estimates coming from the tracking system, there was actually an increase of 408 Full Time Equivalent (FTE), based on the criteria for funding the salary adjustment, and 10 of those were administrators. Rep. Last asked if the USTAR year round math and science money was all being used, if enough teachers had

applied. Mr. Leishman would have to research it, but understands it will be used by the end of the year. If it is not used it becomes part of the non-lapsing balances.

Rep. Fowlke would like the education community to consider deleting everything below the line and letting individual school districts decide where they want to put that money.

Sen. Morgan responded that this was considered last year and as part of the recommendation certain programs were protected.

Rep. Fowlke commented that the subcommittee need to comply with federal guidelines, but each district should know what is needed. If they want local control, we should be giving them that control. She would like the education community to consider this option. Co-Chair Stephenson replied that we are giving them that control without getting rid of programs. There may be distribution problems, because some schools may get more than others, depending on size and program. She would be interested in a response from the education community.

Rep. Last. commented that the subcommittee is eliminating the below the line money, because so much of that money is in Social Security and Retirement, the largest portion is Teacher Salary Adjustment. There is so little money below the line compared to the total budget, but if we are ever going give schools that control, this would be the time.

Rep. Fowlke commented the subcommittee has had so much discussion about above and below the line, and she agrees that if we are ever going to do it, now would be the time.

**MOTION:** Rep. Poulson moved to adjourn.

The motion passed with Sen. Buttars and Rep. Garn absent for the vote.

Co-Chair Stephenson adjourned the meeting at 3:55 P.M.

Minutes were reported by Karen C. Allred, Senate Secretary

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Sen. Howard A. Stephenson, Co-Chair

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Rep. Merlynn T. Newbold, Co-Chair